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SUBJECT: EMBASSY MINSK WEEKLY POL/ECON REPORT - MARCH 1, 2007

11. The following are brief items of interest compiled by Embassy Minsk.

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##### INTERNATIONAL RELATIONS

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12. Central European Initiative Official Visits Minsk

On February 28, Central European Initiative (CEI) Executive Secretariat Director General Harald Kreid arrived in Minsk for a

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three-day visit that will focus on the development of interstate and inter-parliamentary cooperation between Belarus and CEI member countries. Kreid's schedule reportedly includes working meetings with Foreign Minister Sergey Martynov and members of the Belarusian delegation to the CEI Parliamentary Assembly. The CEI is an inter-governmental organization established in November 1989 for mutual political, economic, scientific and cultural cooperation and currently consists of 18 EU, former Soviet, and former-Yugoslav countries.

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CIVIL SOCIETY  
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13. State Control Committee Creates Anti-Corrupt Hotline

On February 26, State Control Committee Chief Zenon Lomat announced the creation of a GOB anti-corruption hotline. Lomat encouraged Minsk residents to "fearlessly report" cases of corruption, bribery, fraud, red tape, and "ignorant attitude toward common people." Lomat acknowledged that problems in the capital require supervisory agencies' intervention. He noted that his agency aims to combine its efforts with those of common citizens to make life more comfortable, stressing that it will not seek compromising information about the performance of Minsk authorities.

14. Independent Organizaton Unveils New Kurapaty Plaque

On February 28, the independent "Organizing Committee for Commemorating the Victims of Stalinist Repressions" unveiled a new memorial plaque during a candle-lighting ceremony at the Kurapaty mass-grave site. Committee co-founder Igor Kuznetsov presented an open statement that urged "citizens of Belarus and the Belarusians of the world" to declare 2007 a year for remembrance of Stalinist repression victims. The committee sent the statement to several governmental institutions, including the Presidential Administration, to offer its cooperation in preserving victims' memories. Private donations funded the replacement of a plaque that was unveiled in 1989 and stolen in 2004.

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INTERNATIONAL TRADE AND INVESTMENT  
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15. GOB Seeks USD 1.3 Billion from Austrian Bank

On February 26, during a press conference of Prime Minister Sergey

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Sidorskiy, GOB sources reportedly revealed plans to invest USD 1.3 billion in 2007 with the help of Raiffeisen Zentralbank Osterreich AG (RZB). During January 2003, RZB acquired 50 percent of Belarus' bank Priobank for USD 40.2 million and currently holds a 63.04 percent stake in the bank. The 1.3 billion USD are to be raised through loans with international funds, specialized institutions, and by placing bonds among investors. RZB is reportedly the third largest bank in Austria and one of Austria's leading commercial and investment banks.

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DOMESTIC ECONOMY  
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16. Average Salary Down 7.6 Percent in January

On February 28, the Belarusian Labor Ministry reported that Belarus' average monthly salary in nominal terms reached USD 288 in January, down 7.6 percent from December. Average salaries edged down by 1.8 percent to USD 332 and 8.3 percent to USD 162 in the industrial and agriculture sectors, respectively. Average salaries dropped 10.1 percent to USD 231 and 17.3 percent to USD 240 in healthcare and education, respectively. Meanwhile, consumer prices increased 1.8 percent on the month in January after a 0.8 percent increase in December. The minimum per capita consumer budget for a family of four reached USD 126 in January, up 0.6 percent.

17. National Bank Could Raise Refinance Rate

On February 26, independent media reported that the National Bank of Belarus will consider raising the base refinance rate on the March 11. The increase will be the first increase, with in the last five years only rising one percent, positioning the rate at 11 percent. Last January, consumer prices rose by 1.8 percent in January after a 0.8 percent decrease in December. The GOB predicts that the consumer prices will not increase more than six to eight percent, while the base refinance rate will be between seven and nine

percent.

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HEALTH ISSUES  
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¶8. Army Forms Special Anti-Bird Flu Units

On February 27, the Belarusian Defense Ministry reported that the Belarusian Armed Forces are preparing to contain possible bird flu outbreaks within the country. Units have already been set up at radiation, chemical and biological protection facilities. The troops have the equipment to protect and disinfect clothing and respond to an outbreak of the virus within 24 hours. Authorities plan to conduct inspections every month at poultry facilities.

¶9. Flu Epidemic Declared in 14 Cities and Regions

On February 23, Belarus' National Center of Hygiene, Epidemiology and Public Health declared a flu epidemic in 14 cities and districts including Minsk. A sharp increase in new cases prompted the closure of all schools in the eastern city of Gomel and 14 schools in the surrounding region. Seasonal flu cases in Baranovichi in the southwestern Brest region were reportedly three times the usual level. By February 23, 17,718 people were diagnosed with flu and respiratory illnesses in monitored cities, with children accounting for 40.53 percent. From February 12 to 18, a total of 64,269 people were diagnosed with flu and respiratory illnesses, a jump of 24.9 percent above the previous week.

¶10. Youth HIV/AIDS Information Center Opens in Mogilyov

On February 23, an HIV/AIDS information center for youths opened at the Mogilyov Center of Hygiene, Epidemiology and Public Health. Founded in cooperation with the Belarusian Health Ministry and with financial assistance from the UN Global Fund, the center will offer advice and counseling and conduct education and training programs. The center will also serve as a venue for local youths to meet, discuss HIV/AIDS issues, and gain access to print, video and audio materials.

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QUOTE OF THE WEEK  
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¶11. On March 1, while endorsing former opposition presidential candidate Aleksandr Milinkevich's call for street demonstrations on March 25, Belarusian Party of Freedom and Progress Leader Vladimir Novosyad predicted:

"I am sure that March 25 is to become a red-letter day of a calendar in Belarus. It is an extremely important date in our history. It is when independence of Belarus was proclaimed [in 1918]. We will show gratitude to our ancestors who had signed statutory documents

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that laid the foundation to Belarus' sovereignty. Independence is our most important value, without which democracy will not exist."

Stewart